

Message Text

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INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 EB-07 ABF-01 AID-05

SAJ-01 TRSE-00 CIAE-00 INR-07 NSAE-00 L-03 OMB-01

SS-15 SP-02 NSC-05 FRB-03 AGR-05 OES-06 INT-05 AF-08

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW

INFO AMEMBASSY ALGIERS

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BUDAPEST

AMEMBASSY COPENHAGEN

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY OSLO

USLO PEKING

AMEMBASSY SOFIA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

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C O N F I D E N T I A L STATE 184958

E.O. 11652: GDS

TAGS: UNDP, EAID, UR

SUBJECT: UNDP - U.S. PROPOSAL FOR PURCHASE OF
NON-CONVERTIBLE CURRENCY

REF: (A) MOSCOW 11617; (B) STATE 177984;
(C) STATE 169133; (D) GENEVA 5272; (E) MOSCOW 10581

1. DEPARTMENT APPRECIATIVE OF APPROACHES MADE AND TO BE MADE TO VARIOUS SOVIET OFFICIALS IN SUPPORT OF PROPOSAL TO PURCHASE RUBLES. WE CAN UNDERSTAND WHY EMBASSY OFFICERS MIGHT FEEL THEY ARE TRYING TO SHOVEL SAND AGAINST THE TIDE IN PUSHING IDEA WITH USSR, ALTHOUGH WE WANT TO MAKE CLEAR TO THE SOVIETS THAT OUR PROPOSAL IS A SERIOUS ONE. RUSSIAN EMBARRASSMENT SEEMS QUITE CLEAR AS EMBASSY NOTED. HOWEVER, INCREASED LDC PRESSURES ON USSR TO AGREE TO PROPOSAL COULD ENHANCE SOVIET RECEPTIVITY TO IT.

2. IN FURTHER DISCUSSIONS WITH OTHER SOVIET OFFICIALS AND ANY FURTHER TALKS EMBASSY MAY HAVE ON SUBJECT WITH POZHARSKIY, EMBASSY MAY WISH TO CLARIFY AND EMPHASIZE FOLLOWING POINTS:

- A. IN PARA. 4 OF MOSCOW 11617 POZHARSKIY REFERRED TO "VOTE" IN UNDP GC. NO RESOLUTION WAS OFFERED AND NO VOTE WAS TAKEN. PROPOSAL WAS OFFER MADE BY U.S. AND WAS NOT ON UNDP AGENDA. EMBASSY MAY NOTE THAT ONLY DISSENTERS WERE EAST EUROPEANS AND CUBA. AT PLENARY SESSION NETHERLANDS EXPRESSED PRAISE ON BEHALF EEC, AS WELL AS PAKISTAM, JAPAN, NORWAY, AND CANADA WHILE BRAZIL HAD SPOKEN PREVIOUSLY IN FAVOR (GENEVA 5272). IN ADDITION TO PUBLIC SUPPORT BY LDCA SUCH AS PAKISTAN, GUYANA, INDIA, ARGENTINA, AND BRAZIL, OTHER LDCA, IN CORRIDOR CONVERSATIONS, WELCOMED U.S. INITIATIVE.

- B. U.S. PROPOSAL IS NOT DISCRIMINATORY BECAUSE SOVIET CONTRIBUTION WOULD CLEARLY REMAIN IDENTIFIABLE
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AS SUCH ON UNDP BOOKS.

- C. IF POSSIBLE, WE WOULD APPRECIATE FURTHER DETAIL ON POZHARSKIY ALLEGATION THAT CARRYING OUT PROPOSAL WOULD VIOLATE INTERNAL SOVIET LAW AND REGULATIONS, WHICH WOULD THEREFORE HAVE TO BE CHANGED.

- D. WITH RESPECT TO POZHARSKIY CLAIM THAT CERTAIN

NUMBER OF RUBLES "SPECIALLY EARMARKED" FOR THIRD-WORLD COUNTRY, RUBLES WOULD MORE READILY BE USED FOR LDCS, EVEN THOUGH THEY MAY HAVE BEEN TRANSLATED INTO DOLLARS OR OTHER CURRENCIES IN THE PROCESS, THAN IF THEY REMAIN IN STERILE ACCOUNT IN MOSCOW.

- E. AS FOR POLITICAL QUESTION TO WHICH POZHARSKIY ALLUDED IN PARA. 5, SOVIETS SHOULD UNDERSTAND THAT THE PROPOSAL IS INTENDED TO RELIEVE FINANCIAL BURDEN ON UNDP POSED BY POSSESSION OF CURRENCIES DIFFICULT OR IMPOSSIBLE TO UTILIZE. THEY SHOULD CONSIDER THOUGHT THAT THERE WILL LIKELY BE MUCH MORE UNFAVORABLE POLITICAL IMPACT AMONG LDCS IF MONEY IS DENIED THROUGH FAILURE OF SOVIETS AND OTHERS INVOLVED TO AGREE TO REASONABLE PROPOSAL TO UNLOCK FUNDS. KISSINGER

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